



**SF 2356** – Health Care Reform (LSB 5392SV.2)

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Fiscal Note Version – As amended by the House (**S-5334**)

## Description

**Senate File 2356** as amended and passed by the House (**S-5334**), creates an interim study regarding premium assistance for individuals with income between 200.0% and 300.0% of the Federal Poverty Level (FPL). The Bill expands the provider network for the current IowaCare Program and directs the Department of Public Health to develop a plan for coordination of care for individuals with diabetes. The Bill creates the Iowa Insurance Information Exchange that is established in the Insurance Division of the Department of Commerce.

**Total Fiscal Impact:** The chart below indicates the fiscal impact for this Bill. There is no appropriation made in this Bill for the costs of Division II.

Senate File 2356	FY 2011	FY 2012
<b>Division I - IowaCare Provider Expansion</b>		
U of I Physicians, Federally Qualified Health Centers, Non Participating Provider Reimbursement	\$ 22,000,000	\$ 22,000,000
Less Certified Public Expenditure Revenue	\$ -22,000,000	\$ -22,000,000
Net Iowa Care Provider Expansion Impact	\$ 0	\$ 0
<b>Division I - Diabetes Coordination of Care</b>		
DPH Staffing	0	0
<b>Total Division I</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Division II - Iowa Insurance Division</b>		
Staff for the Exchange	\$ 125,000	\$ 125,000
Develop and Maintain Web Portal	25,000	25,000
<b>Total Division II</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>
<b>Total</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>

## DIVISION I

### IowaCare Program Study

**Division I** requests the Legislative Council establish an interim study committee to look at options for establishing a health care premium assistance program for individuals between the ages of 19-64 with income more than 200.0%, but less than 300.0% of the federal poverty level. The committee is to report back to the Legislature on their findings and recommendations by December 15, 2010.

### IowaCare Provider Network Expansion

**Division I** directs the Department to amend the extension proposal for the IowaCare Program to allow members to utilize additional providers including a regional provider network, private

providers, and hospitals designated by the Department and requires tertiary care to be provided at the University of Iowa. The Department is to use certified public expenditures at the University of Iowa to leverage additional federal funding.

### **Diabetic Registry**

**Division I** directs the Department of Public Health to work with the appropriate entities to develop a plan for coordination of care for individuals with diabetes receiving care through members of the Iowa Collaborative Safety Net Provider Network. This Section provides permission for several activities the Department may consider, such as implementation of a diabetes registry.

### **Assumptions**

#### **IowaCare Provider Network Expansion**

- Assumes there are approximately 124,000 uninsured adults with income below 200.0% of the FPL.
- Assumes current estimated expenditures for FY 2011 will be \$124.0 million and average enrollment will be 39,500 in FY 2011 and 42,000 in FY 2012.
- Adding a primary care network of Federally Qualified Health Centers (FQHC) will add an additional \$300.0 in cost per member per year.
- Funding for the FQHCs is limited to the additional funding received from the certified public expenditures.
- The State will use \$7.26 million from the University of Iowa Hospitals and Clinics (UIHC) to leverage an additional \$14.74 million in federal funding.
- Assumes \$22.0 million will be divided between physicians at the UIHC, FQHCs and the IowaCare Nonparticipating Provider Reimbursement Fund.
- Assumes that there is \$22.0 million in State and federal funding under the budget neutrality cap.
- Assumes DHS will implement a waiting list to limit program expenditures within the budget neutrality cap.
- Expansion beyond the budget neutrality cap is subject to federal participation.

### **Fiscal Impact**

#### **IowaCare Provider Network Expansion**

Leveraging certified public expenditures at the UIHC will generate an additional \$22.0 million in State and federal revenue for the IowaCare Program bringing the program to the budget neutrality cap. With the changes in this Bill, the Program will have an additional \$22.0 million in expenditures. The IowaCare provider network expansion has a net impact of zero.

#### **Diabetes – Plan for Coordination of Care**

This Section will have a minimal impact to the DPH due to staff time dedicated to the development of a plan for the coordination of care for diabetes patients.

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## **Division II**

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#### **Iowa Insurance Information Exchange**

**Division II** creates the Iowa Insurance Information Exchange under the Insurance Division in the Department of Commerce. The Commissioner of Insurance is directed to work with the existing Legislative Health Care Coverage Commission to develop a plan of operation for the Exchange. The Commissioner is charged with additional duties including but not limited to:

- Providing an annual report to the General Assembly by December 15 that includes the financial transactions related to the establishment and operation of the Exchange.
- Reporting on the progress of the Exchange at each Commission meeting and providing recommendations as needed.

- Developing and maintaining information for consumers relating to public and private health insurance coverage options on the Insurance Division's website.
- Providing information to taxpayers relating to the costs of public health care programs to the State and utilizing information provided from the Department of Public Health and the Department of Human Services.

### **Assumptions**

- Staffing costs for the Iowa Insurance Division to implement and support the Exchange and the reporting requirements specified in the Bill, including support and benefits, will be \$125,000 for 1.5 FTE positions.
- The Insurance Division will implement and maintain information on their website utilizing 0.25 FTE position at a cost of \$25,000.

### **Fiscal Impact**

The fiscal impact of Division II is an estimated cost of \$150,000 for FY 2011 and FY 2012. There is no General Fund appropriation in this Bill for Division II. [Senate File 2201](#) (2010 Insurance Omnibus Bill) permits the Commissioner of Insurance, if necessary, to assess the costs of implementing and maintaining the website information to the health insurance carriers that are licensed in the State of Iowa.

### **Sources**

Department of Human Services  
Iowa Insurance Division

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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